

Adult Literacy, Numeracy and ESOL

A Guide to Learning and Skills Council (LSC) Funding 2002/03

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INTRODUCTION

Purpose of the Guide

1. This guide is intended to provide information on the funding of basic skills provision by the Learning and Skills Council (LSC). It aims to inform readers of the principles underlying LSC funding and the changes introduced for 2002/03. It should not be used as a definitive source of information on the allocation of LSC funds to support basic skills provision. The funding methodology for 2002/03 is described in full in *Funding Guidance for Further Education in 2002/03*, available on the LSC's web site at www.lsc.gov.uk. This document should be referred to by anyone seeking LSC funding. An Addendum to this guidance is being prepared and there are likely to be further in-year changes so providers should ensure they keep themselves up to date by regularly checking the LSC website.

Using this guide

2. This guide is in three parts:

- Part one provides an overview of LSC funding for 2002/03 with specific reference to adult literacy and numeracy and English for speakers of other languages (ESOL) and is intended primarily for those who are unfamiliar with the funding methodology.
- Part two focuses on the changes introduced for 2002/03 and is aimed at those familiar with the current funding methodology.
- Part three provides a range of case studies that illustrate the various elements of the new funding arrangements

3. Discussion of the funding arrangements involves the use of terms that are employed by the LSC in a specific way. These terms are printed in italics and their meaning is indicated in the text. Definitions of these terms are provided in the glossary at Annex E.

PART ONE

Background to the Learning and Skills Council (LSC)

4. The LSC is the main agency providing funding for adult literacy, numeracy and ESOL provision. It has a national office in Coventry and 47 local LSCs, each covering a specific geographical area. Contact information for both national and local LSCs is available on the LSC's website at www.lsc.gov.uk.
5. The LSC replaced both the Further Education Funding Council and Training and Enterprise Councils. It is funded by the Department for Education and Skills (DfES) and is responsible for funding and planning education and training for those over 16 years old in England. It does not fund higher education, which is funded by the Higher Education Funding Council for England, education in prisons or programmes for unemployed adults such as New Deal, which are funded by 'Jobcentre Plus'.
6. The LSC funds providers in four learning sectors: work-based learning for young people, further education, school sixth forms and adult and community learning. Prior to April 2001 these sectors were funded through different routes. By 2003/04 there will be a common funding approach. At the moment each sector is at a different stage in moving towards this. Further detail on the progress of each sector to such an approach is provided in Part 2 of this guide.
7. Part 1 deals with the new funding formula, which will be used in further education in 2002/03. The further education sector includes: further education colleges, sixth form colleges, higher education institutions that provide further education, and former *external institutions* (bodies maintained by local education authorities or independent organisations which have been able to access FE funding via a college). All other providers of literacy and numeracy training, such as employers and voluntary or community groups, or private training providers, may be able to access these funds in partnership or through sub-contracting (*franchising*) with a further education provider (see paragraph 82) or they may seek to become directly funded by the LSC (see paragraph 16).
8. The LSC receives an 'annual guidance letter' from the Secretary of State for Education and Skills by December of each year. This outlines the way in which the LSC is expected to spend its funds in support of the learning and skills sector in the following year. It will allocate some £7.3 billion to post-16 providers to cover the period 1 August 2002 to 31 July 2003. Funding adult literacy, numeracy and ESOL is a key priority for the LSC.
9. The LSC has a strategic planning and funding role. As such it has moved away from the Further Education Funding Council (FEFC) approach where allocations were based largely on demand and reflected a historical level of activity plus an element of growth. The planning approach is intended to reflect national priorities and a local assessment of needs.

The LSC's role in planning for adult literacy and numeracy.

10. The LSC aims to fund basic skills provision in an effective and flexible way in order to make possible the expansion needed to meet the Government's target of improving the basic skills levels of 750,000 adults by 2004. This expansion will not only bring about an increase in the number of people participating in literacy, numeracy and ESOL, but will also bring about an improvement in retention and achievement rates. In response to 'Skills for Life', the LSC has produced a delivery plan: 'Improving Adult Literacy and Numeracy'. This plan sets out the LSC's role in the basic skills strategy and outlines how the LSC will work through the 47 local LSCs to expand and improve the quality of provision for literacy and numeracy and meet the national target.

11. Local LSCs have agreed targets with the national LSC that will contribute to the overall target and have produced basic skills delivery plans, setting out how they intend to achieve these. Local LSCs will encourage providers that already deliver good quality literacy, numeracy and ESOL provision to develop and expand their provision and increase their capacity. These providers will be encouraged to increase the range and type of basic skills programmes and to build on successful programmes such as family literacy and numeracy.

Funding Allocations for 2002/03

12. For all providers, the funding process is significantly different from that in 2001/02. The new process is based on discussions between providers and their local LSCs. It will focus on the role the provider can play in meeting local needs in the light of the local LSC's strategic and basic skills delivery plans. It will also take into account the national priorities set for the LSC by the Secretary of State, which include basic skills.

13. Each year funds are made available for increased learning activity or growth. Two types of growth funds are available for 2002/03:

- **Planned growth.** £42 million has been distributed to local LSCs to support growth that is planned as part of the local LSCs' agreements with providers.
- **Responsive growth.** £50 million is available to support providers that attract even more students than had been planned, particularly key groups such as 16-18 year olds who might leave learning altogether, and adults with poor basic skills.

14. Most providers will have agreed final allocations and learner numbers for 2002/03, including basic skills numbers by June 2002. The allocation is subject to a funding agreement between the LSC and the provider. Allocations are paid by monthly instalments. Once agreed with the LSC, providers are free to decide how the funds are to be used within their organisations.

15. At the end of the year, the LSC will assess the learning activity that has been delivered by the provider in 2002/03 against the funding agreement and may recover funds if agreed levels have not been met.

New Providers

16. Organisations seeking to become funded by the LSC for the first time should approach their local LSC for a preliminary discussion. In order for a new provider to receive LSC funding, the following criteria must be met:

- an assessment of the adequacy and quality of provision in the local area will be carried out by the local LSC and unmet need will be identified;
- the initial assessment of new providers must be completed successfully. This will determine whether the provider meets the minimum requirements for contracting with the LSC in respect of financial assurance, quality of education and training, leadership and management, quality assurance and continuous improvement, data management, health and safety and equality of opportunity.

If the local LSC determines that it is appropriate for the new provider to be funded it then confirms its wish to fund the provider. The LSC identifies the funding stream and mechanism by which the new provision will be funded.

Ufi Hubs

17. Around 1,200 Ufi learning centres offer learning programmes under the brand name '**learndirect**', with basic skills branded as '**Skills for Life**' programmes. The centres are organised in clusters called **hubs**, most of which operate within a defined geographical area. The majority of '**learndirect**' learning opportunities have short learning aims with no accredited outcome, though packages may be linked together to lead to externally accredited qualifications. These short opportunities for learning are intended to reach a wider range of learners than are traditionally attracted to education and training, and to offer access to a variety of learning opportunities including basic skills. '**Learndirect**' provision is intended primarily for adult learners (i.e. those aged 19 or over).

18. In 2002/03 £145.5 million has been set aside by the LSC for learners enrolled on Ufi provision. Providers that wished to receive funds for Ufi provision in 2002/03 had to apply to Ufi by 5 April 2002. The local LSC, local Ufi representative and the hub will have agreed the allocation and local LSCs started to notify the hubs of their allocation at the end of April. Further details are available in Ufi guidance.

19. The funding value of all '**Skills for Life**' learning aims is agreed with the LSC and is included in the learning aims database as described in [paragraph 30](#) below. It is also covered in the relevant Ufi Guidance note. Ufi publishes a list of learning packages, which is updated regularly. Funding rules are quite complex and providers will need to refer to the LSC's *Funding Guidance for Further Education 2002/03*, Annex E, and the Ufi Guidance Notes.

Other funds

Standards Fund

20. Providers, both new and established, may be eligible to receive support for their development needs from their local LSC, drawing on the Standards Fund. The Government has made £185 million available in 2002/03 to support quality improvement in LSC-funded providers to raise standards in post-16 learning. The funding streams are as follows:

- Local Standards Fund allocated to each local LSC to contribute to funding providers' development needs. The funding will also enable LSCs to disseminate good practice, and provide funding for new initiatives which are designed to raise standards;
- Investment Fund - This funding will be used to develop and implement plans following area-wide inspections to address significant weaknesses in provision or to reward excellence;
- National Priorities Fund - This funding will be used for national priorities such as the basic skills quality initiative and training for black managers. In particular in 2002/03 the NPF will provide for the continuation of the training the Basic Skills Agency deliver for literacy and numeracy practitioners, and a continuation of the training delivered by the Association of Colleges for the managers of literacy, numeracy and language provision.

More information is provided in Circular 02/02, *Quality Improvement: Learning and Skills Standards Fund 2002/03*, available at www.lsc.gov.uk.

Learner Support Funds

21. Learner support funds consist of three separate allocations to meet childcare support costs for FE students wherever they study: residential accommodation for FE students who have to study away from home, and general access costs (living and learning) for FE students studying in FE colleges and former external institutions.

22. Funds are distributed to institutions offering LSC-funded provision so that they may provide financial help to students whose access to, or completion of, education might be inhibited by financial considerations.

23. The LSC publishes specific guidance on FE learner support funds including eligibility criteria. Circular 01/08, *FE Learner Support Funds 2001/02*, provides detailed guidance and is available at www.lsc.gov.uk. Guidance for 2002/03 will be published shortly, and is currently (July 2002) available on the LSC website as a draft circular.

Local Initiative Fund

24. In 2002/03 the LSC will allocate to local LSCs a Local Initiative Fund (LIF) worth £90.3 million. Some local LSCs have issued plans against which local providers can bid for a share of the fund in their area. For information about LIF, please contact your local LSC.

An Overview of LSC Funding

General approach

25. The amount of funding that can be claimed for basic skills provision is calculated on an individual basis for each learner. The stages of applying the formula are shown in the step-by-step guide at page 21 of this Guide. An essential element of LSC funding for literacy and numeracy is that they should be delivered free to the learner, (see the LSC's *Funding Guidance for Further Education in 2002/03*, paragraph 134).

26. Funding is calculated on the basis of *learning aims*. A *learning aim* is usually a qualification but in the case of basic skills a *learning aim* may be a non-accredited learning goal that is mapped to the national standards for adult literacy and numeracy. This is explained in more detail in paragraph 56, below. The *learning aim* provides the starting point for the calculation of funding for a learner.

Elements of Funding

27. The funding that can be claimed for a learner is calculated on the basis of the following elements:

- National base rate for the learning aim, which includes:
 - assumed fee income
 - achievement
- Programme weighting
- Disadvantage
- Area costs

Where relevant, funding to support a learner's additional learning support needs can also be claimed (see paragraphs 38 to 40, below).

28. Each of the elements is explained in the paragraphs below and the case studies in Part 3 provide examples of calculations for individual adult literacy and numeracy and ESOL learners.

National base rate

29. The *national base rate* for a particular *learning aim* reflects the length of the programme and the basic cost of providing the programme. This rate is expressed in cash terms.

30. A *learning aim* is a single element of learning which attracts a national base rate funding at either a listed value or a value reflecting guided learning hours. Learning aims funded by the LSC may be *individually- listed or loadbanded*.

- *Individually- listed learning aims*. The national rates for *individually- listed learning aims* may be found in the learning aims database at <http://www.lscdata.gov.uk/data/learningaimdatabase.html>. These are expressed in cash terms.

- *Loadbanded learning aims.* The values available for learning aims that are not individually listed are determined by the number of *guided learning hours (glh)* the learner spends on a programme. This number of hours then falls into one of a number of specified *loadbands* that attract different amounts of funding.

31. *Guided learning hours* relate to “all times when a member of staff is present to give specific guidance towards the course being studied on a programme. This includes lectures, tutorials, and supervised study in, for example, open learning centres and learning workshops. It also includes time spent by staff assessing learners’ achievements, for example in the assessment of competence for NVQs. It does not include time spent by staff in the day to day marking of assignments or homework where the learner is not present. It does not include hours where supervision or assistance is of a general nature and is not specific to the study of learners.”

32. The values of national rates available for listed and loadbanded programmes in 2002/03 are set out in Annexes A and B of this Guide. (See *Case Studies 1 & 2*)

Fee remission

33. The funding formula in FE includes an assumed fee income element of 25% of the unweighted national base rate. If the learner is eligible for fee remission, there will be no reduction in the unweighted national base rate. Where a learner’s learning aim is a basic skills qualification, this automatically attracts full fee remission. In addition the learner should not be charged for any other aspect relating to their basic skills learning aim. If the learner wishes to undertake an additional learning aim, which is not basic skills, fee remission may not be claimed for the additional learning aim unless the learner is otherwise eligible for fee remission. But learners who receive literacy, numeracy or language support in addition to their main programme study, for example catering, will not automatically qualify for tuition fee remission for the whole programme. (See *Case Studies 3, 6 and 14*)

Achievement

34. 10% of the weighted national base rate is paid only if the learner achieves his or her learning aim. In many cases the basic skills learning aim will be either the national test at levels 1 or 2 or a recognised qualification at entry level. Where literacy, numeracy and ESOL programmes do not lead to an externally accredited qualification, institutions may still claim achievement funding where the programme enables learners to achieve their learning aim as long as it is mapped to the new standards for basic skills. (See *Case Study 2*)

Programme weighting

35. As some programmes are more expensive to provide than others, where for example expensive equipment is required or learners need to be taught in smaller groups, national rates are multiplied by *programme-weighting factors*. These factors range from 1.0 to 1.72. Learning aims in literacy, numeracy or ESOL attract a weighting factor of 1.4. As an example, where someone aged over-19 is studying for a key skills qualification, the national base rate for Communication or the Application of Number Achievement is £186. When this is multiplied by the programme weighting factor of 1.4 for basic skills, the value rises to £260. This sum represents the weighted national base

rate. Providers can confirm the cost weighting factors for their programmes by consulting the LSC learning aims database. (But see paragraph 72 of this Guide re. “protection” of basic skills funding). (See *Case Studies 3 & 4*)

Disadvantage uplift

36. To attract those learners who tend not to participate in education or training, extra funding is available to providers through the *disadvantage uplift*. This is applied to the weighted national base rate and can be claimed for basic skills learners, disadvantaged learners from deprived areas (as determined by postcode) and those in other categories, for example: ex-offenders, asylum seekers. For these categories, including basic skills, the uplift is 10%. For homeless learners the uplift is 12%. The disadvantage uplift can only be claimed on the basis of one category for each learner, so a homeless basic skills learner would be eligible for 12%. Further details are given in the LSC’s *Funding Guidance for Further Education 2002/03*, paragraphs 34 to 44. (See *Case Studies 5 & 6*)

Area costs

37. For institutions in and around London an additional uplift is applied to all the above elements to reflect the significantly higher costs of delivering provision in this part of the country. (See *Case Study 7*)

Additional learning support needs

38. In addition to the national formula outlined above, funding is also available for *additional learning support* for individual learners who require extra assistance to access learning programmes. This could include support needs resulting from a physical or sensory impairment (for example, a signer for a hearing impaired student) or a specific language disorder such as dyslexia. It can also include individual support with literacy, numeracy or language skills where these are not the focus of the learner’s main programme of study.

39. Types of additional support could include:

- Additional teaching
- Assessment and review
- Personal counselling where this is necessary to help the learner to achieve a primary learning goal
- Administration costs in excess of usual requirements
- Depreciation on equipment used by the learner.

40. The provider must bear the costs of additional support up to £170 for a part-time learner and £501 for a full-time learner. Above this threshold a claim for additional funding can be made. This must be based on the needs of the individual student and the clear demonstration by the institution that these needs can only be met by spending over and above what they have already been allocated for the learning programme. There must be a robust audit trail with, for example, records of meetings, learner agreements and registers, and an Additional Support Costs Form must be completed.

The main document requested by auditors is a formal written assessment of learners' needs. Annex D of this document provides details of the learning support bands. Further details on additional support can be found in the LSC's *Funding Guidance for Further Education 2002/03*, Annex C. (See Case Study 10)

Funding and Tri-annual Periods

41. Funding is calculated using three periods per year, known as tri-annual periods. These are:

1 August to 31 December

1 January to 30 April

1 May to 31 July.

42. Funding is earned by an institution for each tri-annual period wholly or partly completed by a learner. Census dates are used to determine whether funding is claimable in a tri-annual period. The census dates are 1 October, 1 February and 15 May.

43. A learner is deemed to have wholly or partly completed a period where:

- the learner is enrolled at and attending the institution on the census day for the period
- the learner's programme began and finished between any two census dates and has not withdrawn.

In this case, the learner is deemed to have wholly or partly attended one period only, even where their programme actually spans two tri-annual periods.

Withdrawal

44. Learners who have withdrawn from a programme by the census date should not be counted as wholly or partly completing that period. A learner should be considered to have withdrawn from a programme of study where he/she is known to have made a decision to withdraw from the programme of study, or transfer from a full-time to a part-time programme, or from a part-time to a full-time programme. In addition, learners should be considered to have withdrawn where they have not attended classes for at least four continuous weeks, excluding holidays (unless there is auditable evidence of an intention to return). (See Case Study 12)

45. These provisions apply also to distance learning, but with minor differences as described in Annex E of the LSC's *Funding Guidance for Further Education in 2002/03*.

- The withdrawal date is the last date of actual attendance, or the last contact date for distance learning programmes.
- Particular care should be taken to monitor withdrawals in flexible open learning and in distance learning provision.

Withdrawals from Short Programmes

46. For learning aims that are 12 weeks or less in duration, if a learner remains on the learning aim for at least half of the total learning aim length, this will attract the relevant national rate for the learning aim (with achievement dependent on whether the

learner achieves or not). If the learner withdraws from the learning aim before the halfway point, no funding will be payable. This approach can be used with information held on the Individual Learning Record (ILR), which includes the start date of each learning aim, the anticipated end date and the actual end date for each learner.

47. For programmes of one week planned duration or less, the learner must participate in the programme at least once after enrolment to be eligible for Council funding.

What can be funded as basic skills?

Definitions of Basic Skills

48. The LSC uses two definitions of basic skills; a **generic definition** that identifies all provision which supports the Government's objectives of raising adult skills, and a **funding definition** that identifies where the 1.4 programme weighting will apply. The former definition is wider and includes a number of programmes that already have listed values in the learning aims database, such as GCSE English and Mathematics. In these cases the basic skills programme weighting does not apply.

Description of Progress	Achievement Data	Achievement Funding	Funded as Basic Skills	750,000 Target
Evidence of learner progress against the national standards towards individual learning goals	Yes	Yes	Yes	No
Units of (non-external) accreditation	Yes	Yes	Yes	No
National Entry Level 3 qualifications approved by the QCA	Yes	Yes	Yes	Yes
National tests at Levels 1 & 2; adult Key Skills in communication and application of number up to Level 2, and existing national ESOL qualifications until August 2003.	Yes	Yes	Yes	Yes
16 – 18 Key Skills, Adult GCSE and 16 – 18 GCSE	Yes	Yes	No	Yes

- achievement data: recorded by the LSC as an achievement
- achievement funding: attracts funding for achievement of the learning goal
- funded as basic skills: defined as basic skills for funding purposes and the basic skills weighting, fee remission and disadvantage uplift apply
- 750,000 target: learners who achieve in these count towards the target of 750,000 learners improving their basic skills by 2004.

49. In a similar way the LSC recognises that for adult learners and for 16-18 year old learners on part-time programmes, the **key skills** qualifications in application of number and communications can meet basic skills needs, fits the funding definition and qualifies for the 1.4 programme weighting. For young people following a full-time programme, the funding of key skills is delivered through the integrated entitlement package. No additional funding may normally be claimed for these students, other than where they are eligible for disadvantage uplift.

50. Learning mapped to national standards leading to the national qualifications set out in paragraphs 51-53, below, will be funded as basic skills. This means a programme weighting of 1.4 and a 10% uplift can be applied.

51. For all learners aged 19 and over:

- Certificates in Adult Literacy at Entry level, Level 1 and Level 2
- Certificates in Adult Numeracy at Entry level, Level 1 and Level 2
- Key Skills in Communication at Level 1 and Level 2
- Key Skills in Application of Number at Level 1 and Level 2

52. For part-time learners in the post-16 sector aged 16-18 years:

- Certificates in Adult literacy at Entry level, Level 1 and Level 2
- Certificates in Adult Numeracy at Entry level, Level 1 and Level 2
- Key Skills in Communication at Level 1 and Level 2
- Key Skills in Application of Number at Level 1 and Level 2

53. For full-time learners aged 16-18 years:

- Certificates in Adult Literacy at Entry level, Level 1 and Level 2
- Certificates in Adult Numeracy at Entry level, Level 1 and Level 2

(Approved qualifications are listed at <http://www.dfes.gov.uk/section96> and are included in the LSC learning aims database.)

54. For all full-time learners aged 16-18 years following a Curriculum 2000 programme, the communication and application of number key skills are funded within the *entitlement curriculum*. *Entitlement* in this context means that schools and colleges must provide a programme of key skills, enrichment activity and tutorial support appropriate to the needs of individual young people. This is funded at a flat rate. It is not anticipated that funding additional to the entitlement will be claimed for full-time 16-18 year olds in respect of basic skills unless provision additional to the entitlement has been delivered.

55. From September 2002, all learning programmes for literacy, numeracy and ESOL must be mapped to the national standards for adult literacy or the national standards for adult numeracy in order to attract funding from the Learning and Skills Council. The standards are available from DfES on 0845 60 222 60 or by email from dfes@prolog.uk.com.

56. Programmes for adult literacy, numeracy and ESOL do not have to be externally accredited, but in order to be eligible for LSC basic skills funding they must be mapped to the national standards for adult literacy or numeracy. This means that the learning objectives for a course or for an individual learner's learning plan can be cross-referenced to the national standards. This may be done by linking the learning objectives to the core curriculum for adult literacy, numeracy or ESOL.

57. Learning in adult literacy, numeracy or ESOL that is not mapped to the national standards can be funded but will not attract the uplifts associated with basic skills provision. It is recognised that not all learners following an ESOL programme will be ready to try the national test, but it is expected that all learners who have reached the required standard are encouraged to try for the award.

Eligible Learners

58. The eligibility of learners to be supported through LSC funds is widely drawn and anyone 'ordinarily resident' in the UK or the EU, or who has been given the right to stay in this country, is eligible for funding. It is important to note however that those who come to this country with the sole aim of studying will not normally be eligible.

59. LSC funding is also not usually available to those of compulsory school age or those registered on a full-time programme of higher education. Eligibility of learners is a complex area and for comprehensive guidance please refer to the LSC's *Funding Guidance for Further Education in 2002/03* paragraphs 160 to 207, and/or seek further advice from your local LSC.

PART TWO

Changes for 2002/03


Purpose

60. The purpose of this section is to highlight the changes that will be introduced for 2002/03. It is aimed primarily at those who are familiar with the current Further Education methodology.

61. The funding of providers in 2002/03 contains a number of changes resulting from the implementation by the LSC of its common funding approach. The changes affect basic skills and ESOL along with every other aspect of provision.

Developing a Common Funding Approach

62. The table below illustrates the anticipated progress towards a common funding approach for each of the four sectors funded by the LSC.

Funding Stream	Arrangements in:			
	2001/02	2002/03	2003/04	2004/05
Work-based Learning	National formula introduced	Funding approach reviewed	Common funding approach	 New LSC funding approach
Further Education	FEFC formula retained	New funding formula introduced	Common funding approach	
School Sixth Forms	LEA fair funding formula	New funding formula introduced	Common funding approach	
Adult and Community Learning	LEA adult learning plans funded	LEA adult learning plans funded	Common funding approach	

63. A common funding approach means that each learning sector will be funded by the LSC through systems which follow the same principles but may vary to take account of the different ways that each learning sector's provision has been funded in the past. The LSC plans to move to an integrated funding approach by 2004/05.

Work-Based Learning for Young People

64. The LSC funds work-based programmes for young people (WBLYP) whereas Jobcentre Plus funds work-based learning for adults (WBLA). These programmes were previously funded by Training and Enterprise Councils. Details of the arrangements for funding WBLA are available from Jobcentre Plus at <http://www.jobcentreplus.gov.uk/>.

65. WBLYP broadly covers Modern Apprenticeship programmes at Foundation and Advanced level for learners up to the age of 25. The programmes contain a number of elements including Key Skills at an appropriate level. WBLYP programmes are funded at nationally agreed rates. Additional support for learners with basic skill needs is funded through a payment of £1,000, following an assessment to identify whether learners have either additional social needs (ASN) or additional learning needs (ALN). If learners have both ASN and ALN, a payment of £1,500 is made. Information about WBLYP can be found in the *LSC Operations Guide*.

School Sixth Forms

66. School sixth forms cater for learners aged 16 -18 and so are not directly affected by funding for adult basic skills. The LSC became responsible for funding school sixth forms in April 2002. The LSC will pay the relevant LEA so that schools will continue to receive their sixth form funding through their LEA. The funding arrangements for 2002/03 will be similar to those that apply to FE providers, except that a real terms guarantee will apply. This will protect the funding schools received for their sixth form provision in 2000/01 if sixth form numbers do not fall.

67. Young people aged 16 - 18 studying full-time at school or college have an *entitlement* (see paragraph 54, above) that includes funding for appropriate Key Skills provision at levels 1 and 2. It is not anticipated that funding additional to the entitlement will be claimed for full-time 16 -18 year olds in respect of basic skills at levels 1 or 2 unless provision additional to the *entitlement* has been delivered.

Adult and Community Learning

68. Before the creation of the LSC, Adult and Community Learning (ACL) was planned and funded by local authorities. The arrangements for funding basic skills in this sector therefore varied across the country. In addition, many local authorities were funded by FEFC as 'external institutions' and are now funded by the LSC to deliver accredited courses and adult literacy, numeracy and ESOL.

69. ACL is now funded by the LSC. As an interim arrangement Local Education Authorities (LEAs) will receive a cash allocation for 2002/03 that maintains in real terms what they received in the financial year 2000/01, subject to fulfilling the commitments set out in an agreed Adult Learning Plan. The need to improve basic skills is a key national priority for this sector. LEA plans for the academic year August 2002 to July 2003, which were submitted to local LSCs by 28 March 2002, are likely to reflect this. Work has begun to introduce formula funding to ACL provision for the academic year August 2003 to July 2004.

Further Education

70. The current funding approach for further education is described in the remainder of this part of the guide.

What has not changed?

71. The following is a quick checklist of what has **not** changed in the funding arrangements:

- Funding is still intended largely to reflect providers' costs, being based on learner numbers, programme size (guided learning hours) and different costs (programme weighting factors);
- The new approach continues to reward retention and achievement, by including elements of funding which can only be claimed once the learner has completed the programme or achieved the learning aim.
- There is still a widening participation factor, now called the disadvantage factor, which covers all basic skills and ESOL learners;
- There is still recognition of the extra costs of delivering in certain parts of the country (London) which is reflected in the weighting known as area costs uplift;
- Funding is still available for learners with additional individual needs through Additional Learning Support;
- Basic skills can be delivered in the workplace and will not be considered to be employer dedicated.

What has changed?

Protection of funding for adult literacy and numeracy

72. In developing the funding arrangements for basic skills for 2002/03, under the new formula, a primary objective has been to ensure that funding rates for all basic skills programmes at least match the funding available under the FEFC methodology. This is referred to as "protection" (see *Case Study 4*).

Changing from units to cash

73. Funding is no longer in funding units, but each qualification or learning aim has a value expressed in cash. This should make things simpler to understand. So instead of a qualification attracting funding units that then had to be converted to cash at £17.22 per unit in 2001/02, the new funding approach simply lists a cash value for 2002/03.

Combining entry and on-programme units

74. Another simplification is that the funding formula does not separately identify funding for the 'entry' phase and 'on-programme' costs. The two elements are combined in what are now called the national base rates. This does not mean that initial assessment and guidance is not funded, or thought unimportant, simply that the funding formula no longer splits them up. The new national base rates reflect the fact that initial guidance is a larger proportion of the costs of delivering short programmes.

Fees paid by learners

75. The changes relating to fees paid by learners will not directly affect basic skills or ESOL provision, but it may be useful to know about the changes in situations where basic skills programmes are being combined with other programmes e.g. IT or vocational qualifications. A standard fee assumption is being introduced; this means that it is assumed that adults will pay a fee as a contribution to course costs equal to 25% of the unweighted base rate. Basic skills and ESOL provision, however, will continue to be free to the student and the provider will receive 100% of the base rate. (See *Case Studies 3, 6 & 14*)

Programme Weightings

76. Cost Weighting Factors (CWFs), which compensate providers for the extra costs involved in delivering certain programmes, are now known as **programme weighting** factors. The way the new formula works has required a change in the way cost weighting factors are calculated in order to preserve current differentials. The FEFC applied the cost weights to on-programme units but not to entry or achievement units; the LSC formula applies them to the full national base rate. This means that to achieve the same effect a lower weighting is needed, as shown in the table below.

	FEFC Cost Weighting Factors	LSC Programme Weightings
A	1	1
B	1.2	1.12
C	1.5	1.3
D	2.0	1.6
E	2.2	1.72
Basic Skills	1.5	1.4

77. Maintaining the same relative level of funding for basic skills and ESOL courses would have meant moving from a weighting of 1.5 under the FEFC to 1.3 in the LSC system. In fact, the LSC has applied a higher weighting of 1.4. This reflects the higher number of entry units allocated for basic skills within the FEFC funding methodology. Because of the “protection” of funding for basic skills courses, however, in many cases a higher ‘weighting’ than 1.4 will apply. (See *Case Studies 3 & 4*)

Achievement element

78. The proportion of funding identified as the achievement element has risen to 10% from the previous 7% under FEFC. The achievement element is included within the national base rate as an integral part of the cash sum available and can only be claimed when the learner achieves. This change to the level of funding associated with achievement reflects the importance of achievement in raising educational attainment and skills levels nationally. (See *Case Study 2*)

Non-Accredited Programmes

79. It remains the case that for basic skills and ESOL programmes, achievement funding can be claimed for non-qualification outcomes. These may be in-house devised courses or individual learning objectives based on the standards. The difference is that such learning aims must be '*mapped to the national standards*'. If this is so, funding can be claimed for their achievement.

Additional Learning Support

80. Arrangements for claiming the extra costs of providing additional individual learning support remain largely the same as in previous years. The key difference is that under the LSC system the rate for the band is not expressed in units but in cash, as in the example below. The costs of providing additional learning support have, as before, to be borne by the provider up to a certain level - £170 for part-time students and £501 for full-time. Above that threshold level, an extra funding claim can be submitted and is subject to audit. As before, providers do not claim the exact amount spent but identify which of a set of cost bands the expenditure falls in and claim the rate for that band. The values for additional learning support are provided in Annex D. (See *Case Study 10*)

Franchising and Dedicated Employer Provision

81. The LSC has continued the practice of the FEFC whereby the funding available for dedicated employer provision, i.e. provision that is not available to the general public, is reduced by 50%; or to put it another way the assumed fee is 50% rather than 25% (see the LSC's *Funding Guidance for Further Education 2002/03*, paragraph 250). This does not affect basic skills or ESOL since all basic skills and ESOL provision has to be provided free at the point of delivery. (See *Case Study 14*)

82. In a similar way programmes delivered through franchising are subject to a discount (so that dedicated employer provision delivered through franchising gets doubly discounted). Again this does not apply to basic skills and ESOL since the delivery of basic skills and ESOL through a franchise arrangement, such as with a voluntary sector or community organisation, is specifically excluded from the discounting. (See *Case Study 15*)

Short Basic Skills programmes

83. Learners over the age of 19 may be offered short programmes of 3 and 6 guided learning hours, if these are felt to be appropriate to their learning needs. Each learner will be eligible to be funded for a maximum of one three-hour taster or diagnostic programme and one 6-hour short intensive programme in each basic skill area (literacy, numeracy and ESOL), i.e. 9 hours per basic skill or up to a maximum of 27 hours per learner. It should be noted that 3-hour courses are listed, while 6-hour courses are loadbanded. (See *Case Study 8*)

Large Basic Skills Programmes

84. Programmes of over 450 guided learning hours per year, up to a total of 629 guided learning hours per year, will continue to be funded at listed rates as set out in the Learning Aims Database. Programmes delivered in 630 guided learning hours or more will be funded through the loadbands (see the LSC's *Funding Guidance for Further Education 2002/03*, paragraph 105). Very large programmes are affected by **the taper**, a reduction in funding for programmes over a set maximum size. A 50% discount is applied to programmes of over £1,105 per term and no further increase in funding is available over £1,326. (See *Case Study 9*)

85. Where a learner completes multiple basic skills or ESOL learning aims where the total guided learning hours are 450 or more, separate claims should be made for each learning aim. A manual adjustment will be needed to claim the full amount of eligible funding because the software will not do it automatically. Please contact your local LSC if you need information on how to make a manual adjustment.

Learners with learning difficulties and/or disabilities

86. Programmes concerned with independent living skills do not attract the basic skills programme weightings as a matter of course. Where it is a separate learning aim, literacy and/or numeracy provision within the programme will be funded as basic skills, but not where it is embedded provision. Individual learners on such programmes will often qualify for additional learning support.

87. Programmes concerned with independent living skills of between 450 and 719 guided learning hours will be funded at a national base rate of £2,394. Programmes of 720 guided learning hours or more will be funded through the loadbands.

Summary

A step-by-step guide to accessing LSC funding for basic skills.

Paragraph references refer to the LSC's *Funding Guidance for Further Education in 2002/03*

What you need to do	What is involved
Determine appropriate programme for the learner.	Advice and guidance session with the learner including initial assessment.
Determine eligibility of individual for LSC funding.	Check Are they 'ordinarily resident' in the UK or EU? Have they been granted refugee status etc? <i>Refer to paragraphs 160-207</i>
Determine eligibility of programme for LSC funding.	Check Does it lead to a qualification? Is it listed in the Learning Aims database or is it mapped to the national standards for adult literacy and numeracy? <i>Refer to paragraphs 208-226</i>
Identify the level of funding i.e. the national base rate for each learning aim.	Refer to the learning aims database on the LSC website to find whether a qualification is 'listed' and has a cash value. If it is not, then you will need to identify into which loadband it will fall. <i>Refer to paragraphs 97 – 108 for all other learning aims.</i>
Check that the programme fits the definition of basic skills for funding purposes.	If it does then a programme weighting of 1.4 will apply, with full fee remission and a minimum disadvantage uplift of 10%. <i>Refer to paragraphs 131 – 146</i> Remember key skills qualifications are not always defined as basic skills for funding purposes. <i>Refer to paragraphs 141 & 142</i>
Check whether the learner is in sheltered housing, when a 12% disadvantage uplift applies.	Basic skills and ESOL learners who are eligible for the sheltered housing uplift will attract a further 2% extra funding over the 10% uplift that automatically applies to all basic skills and ESOL programmes. <i>Refer to paragraphs 34-44</i>
Check if the area cost weighting applies	This relates to the London area only. <i>Refer to paragraph 93</i>
Check that achievement funding can be claimed.	The programme must lead to an approved qualification, or a learning aim mapped to the national standards. <i>Refer to paragraphs 72 – 78</i>
Check whether a claim can be made for additional support.	Does the learner need additional learning support costing more than the threshold level? If so, a claim can be made. <i>Refer to Annex C</i>

PART 3

Funding Basic Skills - Case Studies

The following case studies are intended to illustrate the various elements of the new LSC arrangements for funding FE. ***Please note that since special “protection” has been applied to basic skills programmes to ensure that no course will attract less than the current year plus inflation, it is not always possible to derive the precise figure from applying the logic of the formula. Annex C, below, shows the effect of “protection” on loadbanded provision.***

In working through the case studies it is necessary to keep in mind the following **sequence** of steps i.e.:

- Establish the national base rate by referring to the learning aims database for the most common programmes or by using the loadbands for others. See *Case Studies 1 & 2*.
- Establish the programme weighting by referring to the learning aims database or the guidance; is it 1.4 which is the basic skills rate or another value? See *Case Studies 3 & 4*.
- Establish whether the disadvantage factor applies at 10% for all basic skills learners, or 12% for basic skills learners in sheltered housing. See *Case Studies 5 & 6*.
- Establish whether an area cost weighting applies with reference to the guidance. See *Case Study 7*.
- Multiply the base rate by the programme weight, the disadvantage factor (if any) and the area cost factor (if any) to derive total formula funding. See *all case studies*.
- Identify whether a fee contribution is expected with reference to the funding guidance. No fees are expected from basic skills students but other adults are normally expected to contribute 25%, so the LSC funding is correspondingly reduced. See *Case Studies 3, 6 & 14*.
- Identify whether, for very large programmes, the taper applies. See *Case Study 9*.
- Identify whether additional learning support can be claimed and if so use the learner support bands to establish the rate. Add to the total funding available. See *Case Study 10*.

Warning – case studies are examples only. Some minor errors may exist due to rounding figures to the nearest pound.

Case Study 1 Identifying the base rate – listed qualifications

Ahmed is following a part-time course leading to the national key skills qualification in communications at level 2. This course is ***listed*** in the Learning Aims database with a value of £186 and a basic skills weighting which brings the amount up to £260.

It attracts the 10% disadvantage uplift and no fees are chargeable. The £28.60 for achievement will only be paid if Ahmed achieves the qualification.

Learner	GLH	Base Rate	Weight	Uplift	Area Cost	Fee	Achievement
Ahmed	n/a (listed)	£186	1.4	10%	Nil	Remitted	
(Sub-totals)		£186.00	£260.00	£286.00	£286.00	£286.00	£28.60

Case Study 2 Identifying the base rate – using loadbands

Bill is following two short college-devised programmes, mapped to the national basic skills standards, which are not listed. The value therefore is worked out from the **loadbands** after calculating the number of guided learning hours for each course (see table at Annex B).

One course is 150 hours long and falls in the loadband covering 150 – 179 hrs. The other has 220 glh and falls in the loadband 210 – 239 hrs.

As both courses are in basic skills they each attract the basic skills weighting of 1.4. The 10% disadvantage uplift applies and no fees are chargeable.

Payment of 10% of total funding will depend on achievement of learning aims:

- If both learning aims are achieved the provider can claim £1,064.14 + £1,373.68, a total of £2,437.82
- If the learning aims of course (a) were achieved, but those of course (b) were not the provider could claim £1,064.14 + £1,373.68 minus £137.37, a total of £2,300.45
- If the learning aims of course (b) were achieved, but those of course (a) were not the provider could claim £1,064.14 + £1,373.68 minus £106.41, a total of £2,331.41
- If neither the learning aims of course (a) or course (b) were achieved, the provider would claim £1,064.14 + £1,373.68 minus £106.41 minus £137.37, a total of £2,194.04.

Learner	GLH	Base Rate	Weight	Uplift	Area Cost	Fee	Achievement
Bill	150 (a)	£691	1.4	10%	Nil	Remitted	
(Sub-totals)		£691.00	£967.40	£1,064.14	£1,064.14	£1,064.14	£106.41
	220 (b)	£892	1.4	10%	Nil	Remitted	
(Sub-totals)		£892.00	£1,248.80	£1,373.68	£1,373.68	£1,373.68	£137.37

Case Study 3 Programme weighting

All basic skills programmes attract a minimum **programme weighting** of 1.4 so it is important to check that any course meets the criteria in the guidance. (Many basic skills programmes have a higher programme weighting than 1.4 because of the LSC guarantee that no basic skills course will receive less funding than it did in 2001/02 plus 2.5% - see Case Study 4).

The learning aims database will identify the appropriate weight for any listed qualification. General guidance is available in Annex B to the LSC's *Funding Guidance for Further Education in 2002/03*.

In the following example Corrie is following a programme with two elements: a catering course which falls into programme weighting C (1.3) and a college devised programme of basic skills support which has a weight of 1.4. Neither course is listed so the values are determined as before from the loadbands; 300 hours of basic skills has a base rate of £1,193 and 80 hours of catering attracts £320. Note that no fees are charged for basic skills but may be for other programmes.

Note that because of the fee assumption for the catering course the funding from LSC to the college for Corrie will be a maximum of £2,173.22 (£1,837.22 + £416.00 minus £80).

Learner	GLH	Base Rate	Weight	Uplift	Area Cost	Fee	Achievement
Connie	300 (Basic Skills)	£1,193	1.4	10%	Nil	Remitted	
(Sub-totals)		£1,193.00	£1,670.20	£1,837.22	£1,837.22	£1,837.22	£183.72
	80 (Catering)	£320	1.3	Nil	Nil	£80	
(Sub-totals)		£320.00	£416.00	£416.00	£416.00	£416.00	£41.60

Case Study 4 Programme Weights – Protection

Because the Learning and Skills Council is committed to ensuring that the funding level for basic skills does not decrease under the new approach, the 1.4 programme weighting factor is the minimum amount by which the base rate will be raised. If the 1.4 weighting does not raise the base rate so that it at least matches the funding level applicable under the FEFC approach, plus inflation, a “protected” rate is used.

At Annex B of this Guide you will find the loadband rates for 2002/03. It is important to check whether the base rate x 1.4 or the amount quoted in the ‘basic skills’ column is higher, as the higher of the two rates should be claimed. Annex C of this Guide contains a comparison of these figures. As can be seen, in general the “protected” amount is higher, and in the cases where it is lower (mainly between 90 and 449 glh) the amount by which it is lower is nowhere greater than 80p.

In the example below Christine is following a basic skills course of 450 glh. Using the 1.4 weighting for basic skills would give a total of £2,902, but as can be seen from Annex B the “**protection**” gives a weighted amount of £3,099, which is the figure that should be used.

Learner	GLH	Base Rate	Weight	Uplift	Area Cost	Fee	Achievement
Christine	450 (Basic Skills)	£2,073	"Protection"	10%	Nil	Remitted	
(Sub-totals)		£2,073.00	£3,099.00	£3,408.90	£3,408.90	£3,408.90	£340.89

Case Study 5 The disadvantage uplift (1)

Learners from disadvantaged backgrounds require greater support . Additional funding is provided to the institution through the disadvantage factor, which replaces the FEFC widening participation factor.

Learners attract the uplift if their postcode shows they live in a relevant area or if they are on a basic skills course, but they do not get it twice. The 'standard' uplift is 10% of the weighted rate for the programme. Learners in sheltered accommodation, whatever course they are on, get a larger uplift of 12%.

In the following example, David and Edith are following the same loadbanded course in basic skills. Edith gets the 'standard' uplift (10%) because the course is in basic skills. David, however, lives in a local foyer (sheltered accommodation for the homeless) and gets a higher uplift (12%).

Learner	GLH	Base Rate	Weight	Uplift	Area Cost	Fee	Achievement
David	130 (Basic Skills)	£590	"Protection"	12%	Nil	Remitted	
(Sub-totals)		£590.00	£827.00	£926.24	£926.24	£926.24	£92.62
Edith	130 (Basic Skills)	£590	"Protection"	10%	Nil	Remitted	
(Sub-totals)		£590.00	£827.00	£909.70	£909.70	£909.70	£90.97

Case Study 6 The disadvantage uplift (2)

Fred and Greta are both following a catering programme of 80 glh. Fred qualifies for an uplift because his postcode shows that he lives in a disadvantaged area but Greta does not.

Learner	GLH	Base Rate	Weight	Uplift	Area Cost	Fee	Achievement
Fred	80 (Catering)	£320	1.3	10%	Nil	£80	
(Sub-totals)		£320.00	£416.00	£457.60	£457.60	£457.60	£45.76
Greta	80 (Catering)	£320	1.3	Nil	Nil	£80	
(Sub-totals)		£320.00	£416.00	£416.00	£416.00	£416.00	£41.60

Note that fees for the catering programme are calculated as 25% of the base rate and not the weighted rate. The achievement element however is calculated on the weighted rate.

Case study 7 Applying area costs.

Harry, Irene and Jenny are following the same full time basic skills programme of 400 glh, but while Harry is attending a college in Inner London, Irene is studying in Outer London and Jenny is in Newcastle.

Learner	GLH	Base Rate	Weight	Uplift	Area Cost	Fee	Achievement
Harry (Inner London)	400 (Basic Skills)	£1,493	"Protection"	10%	1.18	Remitted	
(Sub-totals)		£1,493.00	£2,091.00	£2,300.10	£2,714.12	£2,714.12	£271.41
Irene (Outer London)	400 (Basic Skills)	£1,493	"Protection"	10%	1.06	Remitted	
(Sub-totals)		£1,493.00	£2,091.00	£2,300.10	£2,438.11	£2,438.11	£243.81
Jenny (Newcastle)	400 (Basic Skills)	£1,493	"Protection"	10%	Nil	Remitted	
(Sub-totals)		£1,493.00	£2,091.00	£2,300.10	£2,300.10	£2,300.10	£230.01

Note that the achievement element is affected by the area cost factor as it is calculated as a percentage of the uplifted weighted national rate.

Case study 8 Very short courses

There is provision to fund very short programmes of 3 and 6 guided learning hours where they are appropriate to learner circumstances and can be used to provide diagnostic assessment. The funding is proportionately more generous than for longer courses to reflect the fact that some tasks, such as initial assessment and enrolment, do not vary directly with programme size.

In the following example Khaled is following a 9-hour programme made up of a 3-hour taster course in basic literacy followed by an intensive 6-hour short course. Providing Khaled achieves all his learning aims the total amount the provider can claim is £130.90 (£51.70 + £79.20).

Leila is following a course that is ten times the size (90 guided learning hours) but note that this does not attract ten times the resource. Providers are strongly warned against abusing this provision by artificially splitting courses into small chunks to attract more funding.

Also note that the 3-hour basic skills rate is listed and has a “protected” weighting, bringing the weighted amount up to £47. The 6-hour course is not listed, but still receives a “protected” amount of weighting raising its figure to £72.

Learner	GLH	Base Rate	Weight	Uplift	Area Cost	Fee	Achievement
Khaled	3 (Listed)	£32	"Protected"	10%	Nil	Remitted	
(Sub-totals)		£32.00	£47.00	£51.70	£51.70	£51.70	£5.17
	6 (Basic Skills)	£51	"Protected"	10%	Nil	Remitted	
(Sub-totals)		£51.00	£72.00	£79.20	£79.20	£79.20	£7.92
Leila	90 (Basic Skills)	£491	1.4	10%	Nil	Remitted	
(Sub-totals)		£491.00	£687.40	£756.14	£756.14	£756.14	£75.61

Case study 9 Very large courses

Very large programmes are affected by **the taper**, a reduction in funding for programmes over a set maximum size. A 50% discount is applied to programmes of over £1,105 per term and no further increase in funding is available over £1,326. The operation of the taper is complex and before working through this example readers may find it helpful to refer to [paragraphs 119-126](#) in the LSC's *Funding Guidance for Further Education in 2002/03*.

The following example illustrates the (unlikely) case of Mark, a learner following a programme of 900 and one of 600 guided learning hours at the same time (37.5 hours per week over a 40 week year). The programmes are basic skills programmes and attract a weight of 1.4 but it should be noted that the **calculation of the taper is carried out on the unweighted base rate**.

The first learning aim involves 900 glh and a base rate of £2,878 can be identified by using the loadbands. This works out as £959 per term, which is less than the threshold of £1,105 so is paid in full.

The second learning aim involves 600 glh and reference to the loadbands shows a base rate of £2,167. Adding them together totals £5,045 or £1,681 per term which is over both the threshold and the maximum of the taper.

- The first £438 is funded in full. This is the difference between the termly total for the first qualification and the threshold multiplied by 3 to get back to an annual rate. (3 x (£1,105 minus £959)).
- A further £663 is funded at the 50% **tapered** rate. This is the difference between the termly threshold and the maximum multiplied by 3 to get back to an annual rate. (3 x (£1,326 minus £1,105)).
- The final £1,066 is not funded. This is the amount by which the total funding for the two qualification aims exceeds the annual total for the taper maximum calculated by (3 x (£1,681 minus £1,326)).

Learner	GLH	Base Rate	Weight	Uplift	Area Cost	Fee	Achievement
Mark	900 (Basic Skills)	£2,878	"Protected"	10%	Nil	Remitted	
(Sub-totals)		£2,878.00	£4,272.00	£4,699.20	£4,699.20	£4,699.20	£469.92
	600 (Basic Skills)	£438	1.4	10%	Nil	Remitted	
(Sub-totals)		£438.00	£613.20	£674.52	£674.52	£674.52	£67.45
		£663	0.7	10%	Nil	Remitted	
		£663.00	£464.10	£510.51	£510.51	£510.51	£51.05
		£1,066	0	10%	Nil	Remitted	
		£1,066.00	£0.00	£0.00	£0.00	£0.00	£0.00

Case Study 10 Additional Learning Support.

Providers can claim for the additional costs involved in making arrangements for additional learning support to enable individuals to access mainstream programmes. The key feature is that the support is based on individual needs and normally delivered individually rather than in groups. The following examples illustrate basic skills provision offered to learners in two different ways, one of which counts as learning support and the other does not.

Nick is an adult attending an Edexcel First Diploma Programme in construction, a listed qualification worth £2, 695. He also receives support with basic literacy skills at entry level by joining a class following a college-devised programme mapped to the national standards. This is a 60-hour loadbanded course attracting £478.

Paula is also studying on the same First Diploma programme as Nick but receives extra individual support with basic numeracy to help overcome a specific difficulty with numbers. This is delivered in class by a support tutor. It costs the college £32 per week or £1,152 per year which falls in learning support band 2 and earns £1,251 per year. Details of the additional learning support bands are provided at Annex D.

Learner	GLH	Base Rate	Weight	Uplift	Area Cost	Fee	Achievement
Nick	Listed (1 st diploma)	£2,073	1.3	Nil	Nil	£518	
(Sub-totals)		£2,073.00	£2,694.90	£2,694.90	£2,694.90	£2,694.90	£269.49
	60 (Basic Skills)	£320	"Protected"	10%	Nil	Remitted	
(Sub-totals)	(Note 1)	£320.00	£478.00	£525.80	£525.80	£525.80	£52.58
Paula	Listed (1 st diploma)	£2,073	1.3	Nil	Nil	£518	
(Sub-totals)		£2,073.00	£2,694.90	£2,694.90	£2,694.90	£2,694.90	£269.49
	£1,152 (Actual cost)	£1,251	n/a	n/a	Nil	n/a	
(Sub-totals)	(Note 2)	£1,251.00	£1,251.00	£1,251.00	£1,251.00	£1,251.00	n/a

Note 1 Figures affected by protection

Note 2 ALS claim is not affected by programme weights or disadvantage. Currently the area cost factor does apply where relevant.

Case Study 11 The 16-18 entitlement and key skills.

The arrangements for funding full time learners aged 16-18 provide for an **‘entitlement’** to a programme of support with key skills, enrichment activities and tutorial support. This is tailored to the needs of individual learners but paid at a flat rate of £597 per year. No account is taken, for example, of how many key skills are supported.

On the other hand the key skills qualifications, up to level 2, may be appropriate in some contexts for adult basic skills learners. When used in this way they are funded as other basic skills programmes.

In this case study Oliver, a 17-year-old, is attending a First Diploma programme in business studies, a listed qualification with a base rate of £2,073. He is supported to develop his basic skills through level 2 key skills funded as part of the 16-18 entitlement.

Olivia on the other hand is a 24-year-old who is studying the key skill of communications at level 2. Her programme is funded at a base rate of £186, which has a “protected” weighting bringing the figure up to £297.

Learner	GLH	Base Rate	Weight	Uplift	Area Cost	Fee	Achievement
Oliver	Listed (1st diploma)	£2,073	1.0	Nil	Nil	Remitted	
(Sub-totals)	(See Note)	£2,073.00	£2,073.00	£2,073.00	£2,073.00	£2,073.00	£207.30
	Basic Skills Support	£597	1.0	Nil	Nil	Remitted	
(Sub-totals)		£597.00	£597.00	£597.00	£597.00	£597.00	£59.70
Olivia		£186	"Protected"	10%	Nil	Remitted	
(Sub-totals)		£186.00	£297.00	£326.70	£326.70	£326.70	£32.67

Note No fees are charged to learners under 19

Case Study 12 The Impact of Retention

The LSC formula, like the FEFC model, links payment to continued attendance on a programme. The key dates are the three **census dates** of October 1st, February 1st and May 15th. Funding can only be claimed for a **tri-annual period** (roughly a term) if an individual is still enrolled at the relevant census date. The following example identifies three learners on the same programme, two of whom drop out early.

The learners are all on a one-year basic skills programme lasting 275 glh and loadbanded.

Polly completes the programme but is not successful in achieving her learning aims. The centre claims all the funding apart from the 10% for achievement. The funding that can be claimed by the provider is £1,514.90 (£1,683.22 minus £168.32).

Queenie drops out at Christmas and the centre loses the achievement funding and two thirds of the remainder since she was only present on one census date. The funding that can be claimed by the provider is £504.97 ((£1,683.22 minus £168.32)/3).

Ronnie completes the learning aims of the programme successfully well ahead of schedule and leaves to get a job at Easter. As she misses the final census date and this is a loadbanded learning aim the funding is reduced to reflect the actual number of glh Ronnie achieved in. However, had this course been a listed learning aim and Ronnie achieved but left before the final census date full funding would be drawn down.

Learner	GLH	Base Rate	Weight	Uplift	Area Cost	Fee	Achievement
Polly, Queenie & Ronnie	275 (Basic Skills)	£1,093	1.4	10%	Nil	Remitted	
(Sub-totals)		£1,093.00	£1,530.20	£1,683.22	£1,683.22	£1,683.22	£168.32

Case Study 13 Partial Achievement

For qualifications and externally certificated provision, where a learner is only partially successful in achieving their learning aims, an appropriate proportion of the achievement funding can be claimed.

If in the previous example the programme was an externally accredited modular programme, and Sally had achieved 2 out of the total of 8 modules attached to the learning aim then a quarter of the achievement funding could be claimed. If she had achieved this before leaving the course at Easter the claim would be calculated as follows:

Learner	GLH	Base Rate	Weight	Uplift	Area Cost	Fee	Achievement
Sally	275 (Basic Skills)	£1,093	1.4	10%	Nil	Remitted	
(Sub-totals)		£1,093.00	£1,530.20	£1,683.22	£1,683.22	£1,683.22	£168.32

- a) £1,683.22 minus £168.32 = £1,514.90
- b) 2/3rds of £1,514.90 (as Sally left at Easter) = £1,009.93
- c) Calculate 2/8ths of £168.32 (for achieving the two learning aims) = £42.08
- d) Add the two figures together = £1,052.01

Case Study 14 Dedicated Employer Provision

The LSC general methodology applies a reduction of funding to activities that are considered to be ***dedicated employer provision***, reflecting the policy that employers should be responsible for training their own workforce.

Dedicated provision is provision that is not open to the general public or is offered in such circumstances that the general public could not be expected to attend (e.g. in a factory). The reduction is effected through increasing the fee assumption from 25% to 50% - colleges do not have to charge 50%, but the funding assumes they do.

Basic skills provision made in the workplace is exempted from this arrangement, so provision made for an employer that contained both basic skills and other provision might look like the following example. Tom is undertaking a workplace programme to improve both his basic skills in numeracy and his knowledge of basic book-keeping. The programme is 2 hours per week over a 30-week year of which 50% is mapped against the basic skills standards.

Learner	GLH	Base Rate	Weight	Uplift	Area Cost	Fee	Achievement
Tom	30 (Basic Skills)	£186	"Protected"	10%	Nil	Remitted	
(Sub-totals)		£186.00	£297.00	£326.70	£326.70	£326.70	£32.67
	30 (Book-keeping)	£186	1.0	Nil	Nil	£93.00	
(Sub-totals)		£186.00	£186.00	£186.00	£186.00	£186.00	£18.60

Note: The maximum total claim, taking account of the fee assumption, which in this case is 50%, is £419.70 (£326.70 + £186 minus £93).

Case Study 15 Franchising.

Franchising arises when a college subcontracts the delivery of learning to another provider. The LSC does not wish to see a general expansion of franchising but recognises that links with **community-based** organisations can help widen participation.

The general rule is that the funding of programmes delivered through franchising is discounted except where the learner attracts a widening participation uplift or the organisation is community-based and normally non-profit making. **Basic skills is not affected by the reduction** since basic skills learners attract the uplift.

In the following example Ursula and Vivienne are following identical programmes which include basic skills and also basic catering. They are both delivered through franchising, Ursula's through a profit-making private training company and Vivienne's through a local tenants association. The basic skills funding is identical whereas the funding for catering differs. In Ursula's case the franchised discount affects the assumed fee income.

Learner	GLH	Base Rate	Weight	Uplift	Area Cost	Fee	Achievement
Ursula	35 (Basic Skills)	£186	"Protected"	10%	Nil	Remitted	
(Sub-totals)		£186.00	£297.00	£326.70	£326.70	£326.70	£32.67
	35 (Catering)	£186	1.3	Nil	Nil	£93.00	
(Sub-totals)	(see Note)	£186.00	£241.80	£241.80	£241.80	£241.80	£24.18
Vivienne	35 (Basic Skills)	£186	"Protected"	10%	Nil	Remitted	
(Sub-totals)		£186.00	£297.00	£326.70	£326.70	£326.70	£32.67
	35 (Catering)	£186	1.3	n/a	Nil	£46.50	
(Sub-totals)	(see Note)	£186.00	£241.80	£241.80	£241.80	£241.80	£24.18

Note: The maximum total claim for Ursula, taking account of the fee assumption, is £475.50 (£326.70 + £241.80 minus £93.00). The maximum total claim for Vivienne is £522 (£326.70 + £241.80 minus £46.50).

Case Study 16. Additional learning support and the threshold

Additional funding can be claimed for learners on basic skills programmes if they need additional support to help them access learning opportunities. The claim is based on the actual costs incurred, however, there is a minimum threshold, which has to be reached which is £170 for part-time students and £501 for full-time.

Andy and Abdul are both following a part-time basic skills programme in numeracy for 8 hours per week over 30 weeks (240 glh). Andy has hearing difficulties which requires a signer for part of the course time which costs the college £70 per week. The cost, £2,100 (£70 x 30 weeks), falls in support claim band 4 (£2,001 - £2,500); worth £2,251.

Abdul, a refugee, also required initial in-class support to help improve his English to the level needed to follow the part-time numeracy course. This was costed at £140.00 which did not meet the cost threshold so no additional support can be claimed. However, if Abdul's planned additional learning support was costed at £180.00 and he made rapid progress allowing him to cope unassisted, his additional support costs could be claimed on a pro-rata basis. For example, the additional support claim would be determined by the number of tri-annual periods which Abdul completed. A detailed explanation is found in paragraphs 23 – 30 of the LSC's *Funding Guidance for Further Education – 2002/03*.

Learner	GLH	Base Rate	Weight	Uplift	Area Cost	Fee	Achievement
Andy	240 (basic skills)	£992	"Protected"	10%	Nil	Remitted	
(Sub-totals)		£992.00	£1,389.00	£1,527.90	£1,527.90	£1,527.90	£152.79
	£2,100 (Actual Cost)	£2,251	n/a	n/a	Nil	n/a	
(Sub-totals)		£2,251.00	£2,251.00	£2,251.00	£2,251.00	£2,251.00	n/a
Abdul	240 (Basic Skills)	£992	"Protected"	10%	Nil	Remitted	
(Sub-totals)		£992.00	£1,389.00	£1,527.90	£1,527.90	£1,527.90	£152.79

Note: Alternatively Abdul could have been enrolled in a separate class providing ESOL. Then the claim would not be for additional support, but for an additional learning goal. The decision about which route to follow should be made on the grounds of the individual's goals and needs.

Further Education Listed Rates for 2002/03

National Base Rates (inc assumed fee element)

Qualification	Assumed Fee Element	A (1.0)	B (1.12)	C (1.3)	D (1.6)	E (1.72)	Basic Skills (1.4)
EDEXCEL National Diploma (new syllabus) studied in a full-time programme	£1,243	£4,970	£5,567	£6,461	£7,952	£8,549	
EDEXCEL National Award (new syllabus) studied in a full-time programme	£581	£2,073	£2,322	£2,695	£3,317	£3,565	
EDEXCEL First Diploma (new syllabus) studied in a full-time programme	£518	£2,073	£2,322	£2,695	£3,317	£3,565	
EDEXCEL National Diploma (old syllabus)	£1,108	£4,434	£4,966	£5,765	£7,094	£7,626	
EDEXCEL National Certificate (old syllabus)	£475	£1,898	£2,126	£2,468	£3,037	£3,266	
EDEXCEL First Diploma (old syllabus)	£572	£2,287	£2,562	£2,974	£3,660	£3,934	
EDEXCEL First Certificate (old syllabus)	£272	£1,089	£1,219	£1,415	£1,741	£1,872	
Vocational GCSE studied in the day	£261	£1,043	£1,168	£1,355	£1,668	£1,793	
Vocational GCSE studied in the evening	£169	£678	£759	£881	£1,084	£1,166	
Vocational A level (12 unit) (previously, full award GNVQ)	£1,001	£4,005	£4,485	£5,206	£6,407	£6,888	
Vocational A level (6 unit) (previously, single award GNVQ)	£518	£2,073	£2,322	£2,695	£3,317	£3,565	
Vocational A level (3 unit) (previously, part award GNVQ)	£277	£1,107	£1,240	£1,439	£1,771	£1,904	
Each additional NVQ or GNVQ unit	£25	£101	£114	£132	£163	£175	
GCE AS level or A2 studied during the day (except General Studies)	£166	£663	£742				

	Assumed Fee Element	A (1.0)	B (1.12)	C (1.13)	D (1.16)	E (1.72)	Basic Skills (1.4)
Key skills qualifications (Application of Number, Communications and ICT)	£46	£186	£208				£260
GCE AS or A2 in General Studies (day or evening)	£80	£320	£358				
GCE AS level A2 studies during the evening (excluding General Studies)	£116	£464	£520				
GCSE studied during the day	£120	£479	£536				
GCSE studied during the evening	£85	£339	£379				
Short-learning aim GCSE studied during the day	£74	£296	£331				
Short-learning aim GCSE studied during the evening	£51	£205	£230				
Access to Higher Education (studied at a rate of over 150 glh per tri-annual period for 3 or more months)	£599	£2,394	£2,682	£3,113	£3,831	£4,118	
3 guided learning hour learning aims (ICT and basic skills)	£7		£32				£47

Comments

- The above table shows a selection of the new rates (rounded to the nearest £).
- The complete list of rates will be supplied within the learning aims database to be published on the Council's website.
- The figures for 2002/03 include an element for entry funding that is now incorporated into the national base rate.
- In 2002/03 basic skills learning aims will have a weight of 1.4.
- Entitlement for 16-18 year old learners will be funded at £596.53 which includes core funding and fee remission.

Achievement funding for the key skills element in entitlement will be funded at 10% of the appropriate key skills national base rate.

FURTHER EDUCATION LOADBAND RATES FOR 2002/03

National Base Rates (including 2.5% increase)

			Programme Weightings					
GLH Range		Assumed Fee Element	A (1.0)	B (1.12)	C 1.3)	D (1.6)	E (1.72)	Basic Skills
6	8	£13	£51	£57	£67	£82	£88	£72
9	13	£19	£77	£86	£100	£123	£132	£142
14	19	£24	£97	£109	£127	£156	£167	£142
20	29	£29	£117	£131	£152	£187	£201	£180
30	39	£46	£186	£208	£241	£297	£319	£297
40	49	£55	£219	£246	£285	£351	£377	£341
50	59	£63	£253	£284	£329	£405	£436	£387
60	89	£80	£320	£358	£416	£511	£550	£478
90	119	£123	£491	£549	£639	£785	£845	£687
120	149	£148	£590	£661	£768	£945	£1,016	£827
150	179	£173	£691	£774	£898	£1,105	£1,188	£967
180	209	£198	£791	£887	£1,029	£1,266	£1,361	£1,108
210	239	£223	£892	£998	£1,159	£1,427	£1,533	£1,248
240	269	£248	£992	£1,111	£1,289	£1,588	£1,707	£1,389
270	299	£273	£1,093	£1,224	£1,421	£1,749	£1,880	£1,530
300	329	£298	£1,193	£1,337	£1,551	£1,909	£2,052	£1,670
330	359	£323	£1,293	£1,447	£1,680	£2,068	£2,223	£1,810
360	389	£348	£1,393	£1,560	£1,811	£2,228	£2,395	£1,950
390	419	£373	£1,493	£1,673	£1,941	£2,389	£2,569	£2,091
420	449	£398	£1,594	£1,786	£2,073	£2,550	£2,742	£2,231
450	479	£518	£2,073	£2,322	£2,695	£3,316	£3,565	£3,099
480	509	£518	£2,073	£2,322	£2,695	£3,316	£3,565	£3,099
510	539	£518	£2,073	£2,322	£2,695	£3,316	£3,565	£3,099
540	569	£518	£2,073	£2,322	£2,695	£3,316	£3,565	£3,099
570	599	£524	£2,095	£2,346	£2,723	£3,352	£3,604	£3,099
600	629	£542	£2,167	£2,427	£2,817	£3,467	£3,727	£3,099
630	659	£559	£2,238	£2,506	£2,909	£3,580	£3,849	£3,133
660	689	£577	£2,309	£2,586	£3,002	£3,695	£3,972	£3,233
690	719	£595	£2,380	£2,666	£3,094	£3,808	£4,094	£3,332
720	749	£613	£2,451	£2,745	£3,186	£3,922	£4,216	£3,459
750	779	£631	£2,523	£2,825	£3,279	£4,036	£4,339	£3,595
780	809	£648	£2,593	£2,905	£3,371	£4,149	£4,461	£3,730
810	839	£666	£2,665	£2,985	£3,465	£4,264	£4,584	£3,866
840	869	£684	£2,736	£3,064	£3,557	£4,377	£4,706	£4,001
870	899	£702	£2,807	£3,145	£3,650	£4,492	£4,829	£4,137
900	929	£720	£2,878	£3,224	£3,741	£4,605	£4,951	£4,272
930	959	£737	£2,949	£3,303	£3,834	£4,718	£5,072	£4,409
960	989	£755	£3,021	£3,384	£3,927	£4,833	£5,196	£4,543
990	1019	£773	£3,091	£3,462	£4,019	£4,947	£5,318	£4,678

Note: The national base rates include the assumed fee element

Annex C

The 1.4 weighting compared to the “protected” weighting (Base Rate rounded)

GLH Range		Base Rate	Base Rate x 1.4	"Protected" Basic Skills Weighting	Difference
6	8	51	71.40	72.00	£0.60
9	13	77	107.80	142.00	£34.20
14	19	97	135.80	142.00	£6.20
20	29	117	163.80	180.00	£16.20
30	39	186	260.40	297.00	£36.60
40	49	219	306.60	341.00	£34.40
50	59	253	354.20	387.00	£32.80
60	89	320	448.00	478.00	£30.00
90	119	491	687.40	687.00	-£0.40
120	149	590	826.00	827.00	£1.00
150	179	691	967.40	967.00	-£0.40
180	209	791	1,107.40	1,108.00	£0.60
210	239	892	1,248.80	1,248.00	-£0.80
240	269	992	1,388.80	1,389.00	£0.20
270	299	1,093	1,530.20	1,530.00	-£0.20
300	329	1,193	1,670.20	1,670.00	-£0.20
330	359	1,293	1,810.20	1,810.00	-£0.20
360	389	1,393	1,950.20	1,950.00	-£0.20
390	419	1,493	2,090.20	2,091.00	£0.80
420	449	1,594	2,231.60	2,231.00	-£0.60
450	479	2,073	2,902.20	3,099.00	£196.80
480	509	2,073	2,902.20	3,099.00	£196.80
510	539	2,073	2,902.20	3,099.00	£196.80
540	569	2,073	2,902.20	3,099.00	£196.80
570	599	2,095	2,933.00	3,099.00	£166.00
600	629	2,167	3,033.80	3,099.00	£65.20
630	659	2,238	3,133.20	3,133.00	-£0.20
660	689	2,309	3,232.60	3,233.00	£0.40
690	719	2,380	3,332.00	3,332.00	£0.00
720	749	2,451	3,431.40	3,459.00	£27.60
750	779	2,523	3,532.20	3,595.00	£62.80
780	809	2,593	3,630.20	3,730.00	£99.80
810	839	2,665	3,731.00	3,866.00	£135.00
840	869	2,736	3,830.40	4,001.00	£170.60
870	899	2,807	3,929.80	4,137.00	£207.20
900	929	2,878	4,029.20	4,272.00	£242.80
930	959	2,949	4,128.60	4,409.00	£280.40
960	989	3,021	4,229.40	4,543.00	£313.60
990	1019	3,091	4,327.40	4,678.00	£350.60

ADDITIONAL LEARNING SUPPORT BANDS

Band	Additional learning support costs per learner per year (£)	Rate per learner per year (£)
0	170–500 (for part-time students only)	335
1	501–1,000	751
2	1,001–1,500	1,251
3	1,501–2,000	1,751
4	2,001–2,500	2,251
5	2,501–3,000	2,751
6	3,001–3,500	3,251
7	3,501–4,000	3,751
8	4,001–4,500	4,251
9	4,501–5,000	4,751
10	5,001–5,500	5,251
11	5,501–6,000	5,751
12	6,001–6,500	6,251
13	6,501–7,000	6,751
14	7,001–7,500	7,251
15	7,501–8,000	7,751
16	8,001–8,500	8,251
17	8,501–9,000	8,751
18	9,001–9,500	9,251
19	9,501–10,000	9,751
20	10,001–10,500	10,251
21	10,501–11,000	10,751
22	11,001–11,500	11,251
23	11,501–12,000	11,751
24	12,001–12,500	12,251
25	12,501–13,000	12,751
26	13,001–13,500	13,251
27	13,501–14,000	13,751
28	14,001–14,500	14,251
29	14,501–15,000	14,751
30	15,001–15,500	15,251
31	15,501–16,000	15,751
32	16,001–16,500	16,251
33	16,501–17,000	16,751
34	17,001–17,500	17,251
35	17,501–18,000	17,751
36	18,001–18,500	18,251
37	18,501–19,000	18,751

FUNDING GUIDANCE GLOSSARY

Additional learning support	Any activity that provides direct support for learning to individual learners, over and above that which is normally provided in a standard learning programme which leads to their learning goal. The additional learning support is required to help learners gain access to, progress towards and successfully achieve their learning goals. The need for additional learning support may arise from a learning difficulty or disability, or from literacy, numeracy or language support requirements.
Area costs uplift	An enhancement to funding based on the geographical location of the provider and the higher costs associated with the delivery of provision in that area.
Baseline	The starting point for discussions to agree the 2002/03 funding allocation, based on the 2001/02 funding allocation, adjusted to reflect the inflationary increase of 2.5%.
Core Funding	A proportion of the national base rate paid for a learning aim. Core funding represents 65% of the national base rate before programme weighting, disadvantage or area uplift have been applied.
Disadvantage uplift	An enhancement to funding intended to promote wider participation in learning by individuals experiencing disadvantage. A percentage uplift is applied to formula funding, based on the postcodes of individual learners or based on specific categories of learners.
Employer Dedicated Provision	Eligible provision delivered by an institution, independent training institution or an employer, normally on an employer's premises where that provision is made for that employer's staff. The employer may be from the private, public or voluntary sector.
Entitlement Curriculum	The introduction of Curriculum 2000 included an entitlement to the development of key skills, tutorial and enrichment activities for all full-time 16-18 year olds.
Entry	All activities leading to the enrolment of a learner on a learning programme. This is no longer a separate element of the funding formula and is now fully incorporated into the national base rate.
Franchising	Where an LSC-funded institution delivers provision for students enrolled at the institution via a partner body. For further guidance please refer to <i>Funding Guidance for Further Education in 2002/03</i> , paragraphs 227 to 247.
Funding agreement	The agreement entered into by each FE provider with the Council each year when the final funding allocation is issued. The funding agreement attaches a number of standard conditions of funding. For individual providers, further specific conditions of funding may be included in the funding agreement.

Guided learning hour	All the time when a member of staff is present to give specific guidance towards the course being studied on a programme. This includes lectures, tutorials, and supervised studying, for example, open learning centres and learning workshops. It also includes time spent by staff assessing learners' achievements, for example in the assessment of competence for NVQs. It does not include time spent by staff in the day-to-day marking of assignments or homework where the learner is not present. It does not include hours where supervision or assistance is of a general nature and is not specific to the study of the learners.
Learning aim	A single element of learning which attracts a national base rate funding at either a listed value or a value reflecting guided learning hours.
Learning programme	All of a learner's activities towards their learning goals which involve the use of the resources of the provider at which the learner is enrolled.
Loadbands	Ranges of guided learning hours to which specific national base rates are allocated.
National base rate	Represents the basic costs of delivering a programme, excluding the programme weighting element and any uplift for disadvantage or area costs.
Ordinarily resident	For funding purposes the Council regards as ordinarily resident in a given country or region, any person who habitually, normally and lawfully resides from choice and for a settled purpose in that country. Temporary absences from the relevant area should be ignored. If someone has not been ordinarily resident because they, their parent or their spouse were working temporarily abroad, they will be treated as though they have been ordinarily resident in the relevant area.
Partnership provision	Learning provision which is delivered with the involvement of a third party. For further guidance please refer to <i>Funding Guidance for Further Education in 2002/03, paragraphs 227 to 247</i> .
Programme weighting	Multiplication factors reflecting the relative costs of delivering courses in different curriculum areas.